

Arizona Dealer Registration Requirements

I. NASD Member Dealers:

1. Submit Form BD or amended Form BD **to the NASD WebCRD** system requesting registration in Arizona. [See A.R.S. § 44-1941]
2. Submit \$300.00 registration fee **to the NASD WebCRD**. [See A.R.S. § 44-1861(A)(1) and § 44-1941(B)]
3. Submit **directly to the Division** an audit report of an independent certified public accountant together with a balance sheet, related statements of income (loss), stockholders' equity or retained earnings and cash flows prepared in accordance with generally accepted accounting principles as of the most recent practicable date. **This requirement is not applicable for those Dealers who have not yet provided audited financial statements pursuant to SEC requirements.** [See A.R.S. § 44-1941(A)(10)]

Applications for registration as a dealer will be processed in accordance with the terms of A.A.C. R14-4-147.

The Division will review the information provided through the WebCRD system and the financial statements. Additional information based on this review may be requested. [See A.R.S. § 44-1942] The approval of the application by the NASD and state of the dealer's principal place of business is also required.

II. Non-NASD Dealers:

1. Complete Form BD, manually signed and notarized. (Rev. 7/99) [See A.R.S. § 44-1941(A)]
2. Registration fee of \$300.00 payable to the Arizona Corporation Commission. [See A.R.S. § 44-1861(A)(1) and § 44-1941(B)]
3. Submit an audit report of an independent certified public accountant together with a balance sheet, related statements of income (loss), stockholders' equity or retained earnings and cash flows prepared in accordance with generally accepted accounting principles as of the most recent practicable date. **This requirement is not applicable for those Dealers who have not yet provided audited financial statements pursuant to SEC requirements.** [See A.R.S. § 44-1941(A)(10)]

Applications for registration as a dealer will be processed in accordance with the terms of A.A.C. R14-4-147.

The Division will review the information provided on Form BD and in the financial statements. Additional information based on this review may be requested. [See A.R.S. § 44-1942] The approval of the application by an exchange (if applicable) and state of the dealer's principal place of business is also required.

III. Issuer Dealers:

1. Form BD, manually signed and notarized. (Rev. 7/99) [See A.R.S. § 44-1941]
2. Registration fee of \$100.00 payable to the Arizona Corporation Commission. [See A.R.S. § 44-1861(B)]
3. Articles of incorporation and by-laws, partnership agreement or limited liability company operating agreement. [If not filed in connection with the registration of securities pursuant to A.R.S. § 44-1893(B).]
4. An audit report of an independent certified public accountant together with a balance sheet, related statements of income (loss), stockholders' equity or retained earnings and cash flows prepared in accordance with generally accepted accounting principles as of the most recent practicable date. In some instances it may be necessary to furnish unaudited financial statements as of a current date when the audited financial statements are more than 90 days old. The audited financial statements are required by A.R.S. Section 44-1941(10) and Section 44-1894(9) and (10); therefore, no waiver will be granted from this requirement.
5. A consent signed by the firm's independent certified public accountants permitting the use of their audit report which accompanies the financial statements filed with the application. Refer to Rule R14-4-120(D). No specific language is required for the consent.
6. Brief description of how the securities will be sold and an undertaking that the Division will be informed if there is a change in the method of sale. [See A.R.S. § 44-1942] Also, represent whether any individuals other than officers will sell the securities in Arizona. If so, the non-NASD salesman requirements must be met. [See A.R.S. Section 44-1801(20) and ACC Rule R14-4-133.]
7. Identity of the individual (designated principal) that has taken the appropriate principal's examination (Name & CRD or Social Security number). [See A.R.S. § 44-1942] Examination requirements may be waived upon showing of equivalent financial or brokerage experience. Also, please provide a Form U-4 for such individual.
8. Representation to the Division that in the event of a change in the individual designated as principal for the dealer, the Issuer will submit to the Division written notice of such change at the time of such change. It will be necessary to provide a Form U-4 for such individual as well as proof that such individual has passed the relevant exams. [See A.R.S. § 44-1942]
9. A prospectus of an offering the dealer intends to sell or has sold. [If not filed in connection with the registration of securities pursuant to A.R.S. § 44-1894.]
10. An undertaking that the Issuer will comply with A.R.S. Section 44-1948(A) (Reporting Requirements of Dealers and Salespersons).

Applications for registration as an issuer dealer will be processed in accordance with the terms of A.A.C. R14-4-147.

The Division will review the information provided. Additional information based on this review may be requested. [See A.R.S. § 44-1942]

Maintenance of Registration

NASD Member Dealers:

To maintain registration, NASD member dealers **must** comply with A.R.S. Section 44-1948(A) as follows: (1) file with the WebCRD all amendments and changes to Form BD as such changes occur or within 90 days of the change; and (2) file with the Securities Division annual audited financial statements simultaneously with the filing of such information with the SEC. [See 44-1848(A)(1) and (2)].

In addition, all NASD member dealers shall pay a \$300.00 annual fee on or before the last working day of December of **each year. Checks are to be payable to "NASD" and sent to the WebCRD.** [See A.R.S. § 44-1861(A)(1)]

Non-NASD Dealers:

To maintain registration, non-NASD dealers **must** comply with A.R.S. Section 44-1948(A) as follows: (1) file with the Securities Division all amendments and changes to Form BD as such changes occur or within 90 days of the change; and (2) file with the Securities Division annual audited financial statements simultaneously with the filing of such information with the SEC. [See 44-1848(A)(1) and (2)]. If the dealer is not registered with the SEC, such financial statements shall be filed within ninety (90) days of the audit report date. [See A.R.S. § 44-1948(A)(3)]

In addition, all non-NASD dealers shall pay a \$300.00 annual fee on or before the last working day of December of **each year. Checks are to be payable to the Arizona Corporation Commission and sent to the Division.** [See A.R.S. § 44-1861(A)(1)]

Issuer Dealers:

To maintain registration, issuer dealers **must** comply with A.R.S. Section 44-1948(A) as follows: (1) file with the Division all amendments and changes to Form BD as such changes occur or within 90 days of the change; and (2) file with the Securities Division annual audited financial statements within 90 days of the audit report date [See A.R.S. § 44-1848(A)(3)].

In addition, all issuer dealers shall pay a renewal fee of \$100.00 (checks payable to the Arizona Corporation Commission) prior to the expiration date of its registration. [See A.R.S. § 44-1861(B)] **Registration of a dealer who deals exclusively in securities of which the dealer is the issuer shall expire one year from the effective date of registration.** [See A.R.S. § 44-1947(B)] The registration of any salesman would also need to be renewed prior to the expiration of the issuer dealer registration. The renewal fee for each salesman is \$40. [See A.R.S. § 44-1861(A)(2)]

Name Change

NASD Member Dealers: In the event of a name change, filing the amended Form BD with the NASD WebCRD system is sufficient. There are no direct filing requirements with the Division.

Non-NASD Dealers: In the event of a name change, file an amended page 1 of Form BD (signed and notarized) with the Division.

Issuer-Dealers: In the event of a name change, file an amended page 1 of Form BD (signed and notarized) with the Division.

Reorganization

In the event of any kind of reorganization of the dealer, please contact the Division and we will discuss any filing requirements.

Mailing Address

Securities Division
Arizona Corporation Commission
1300 West Washington
Third Floor
Phoenix, AZ 85007

If you have any questions, please contact Susan Baker Toth at (602) 542-4242.